



## Office of Congresswoman Marcia L. Fudge (OH-11)

*The Parent PLUS Loan Improvement Act (PPLIA) of 2016*

### Frequently Asked Questions

#### **What are Parent PLUS Loans?**

Parent PLUS Loans are federal loans disbursed by the U.S. Department of Education to eligible parents of undergraduate students. Parent PLUS Loans help fill financial gaps for nearly 700,000 parents nationwide.

#### **Who may apply for Parent PLUS Loans?**

Any biological, adoptive, or in some cases, stepparent of a dependent undergraduate student enrolled at least half-time at a participating school may apply for the Parent PLUS Loan Program. Applicants must have a good credit history to be approved.

#### **What is the maximum loan award amount?**

The maximum loan award amount equals the cost of attendance as determined by the school, minus any other financial assistance received.

#### **What is the purpose of the Parent PLUS Loan Improvement Act (PPLIA) of 2016?**

The purpose of the PPLIA is to lessen the financial burden on parents and families from taking out loans to pay for college. The legislation does this by lowering and capping the current interest rate; providing an income-based repayment option for families; and eliminating staggering origination fees. Additionally, the bill requires loan counseling for all borrowers.

#### **Is the Parent PLUS Loan Improvement Act of 2016 necessary?**

Absolutely. College costs have spiraled out of control, forcing students and families to take out multiple high-interest loans. Nearly 40 million Americans have taken out student loans and nearly 70 percent of bachelor's degree holders graduate with debt. According to the U.S. Department of Education, more than 3 million Parent PLUS borrowers owed nearly \$62 billion in 2014, or about \$20,000 per borrower. Total outstanding student loan debt in the U.S. is now \$1.3 trillion.

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